

The State Of Alabama's Nest Egg

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300-thousand state workers have money going into a nest egg called the Retirement Systems of Alabama. It is known as one of the country's strongest pension funds but took a hit from the ups and downs of the stock market.

So what does the turmoil on Wall Street mean for teachers and other state workers?

According to RSA's CEO David Bronner, the pension fund has about 32 billion dollars and 60 % of it in invested in the stock market.

Bronner says when the Dow Jones Industrial Average moves 1 point, 1.5 million dollars are at stake. "So in other words, if the market goes up or down 500 points in one day, I either made or lost 750 million."

The outspoken head of one of the country's largest pension fund recently watched the turmoil on Wall Street. He admits that he's down between 15-16% in 2008. "I have 3 things I do. I have Alka Seltzer, Pepcid and I have Maylox."

But before you dig into your medicine cabinet, Bronner believes the loss won't affect state workers. He says teachers and other employees fall into a Defined Benefits plan that he created called "smoothing." "Even when we do great like last year or lousy like this year and we're not gonna do as lousy but we will be off 15 or 16 percent. That is smoothed over 5 years so the state isn't disrupted."

Bronner doesn't believe the country's economic problems will last anywhere near five years but won't speculate on when the economy will start getting better.

If you would like to watch some bonus portions of David Bronner's interview, [click here](#).

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